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C O N F I D E N T I A L RANGOON 001317

SIPDIS

STATE FOR EAP/BCLTV, EB/ESC
COMMERCE FOR ITA JEAN KELLY
TREASURY FOR OASIA JEFF NEIL
USPACOM FOR FPA

E.O. 12958: DECL: 10/20/2013

TAGS: [EFIN](#) [SNAR](#) [KCRM](#) [PGOV](#) [BM](#)

SUBJECT: NEW MONEY LAUNDERING SANCTIONS COULD BE USEFUL

REF: A. RANGOON 1313

[1](#)B. RANGOON 1253

Classified By: COM CARMEN MARTINEZ FOR REASONS 1.5 (B,D)

[1](#)1. (U) This is an action request. Please see paragraphs 5 and 6.

[1](#)2. (C) For reasons laid out in Ref B, we think it unlikely that the Burmese government will produce adequate money laundering regulations and a draft mutual legal assistance law by the November 3 deadline set by the Financial Action Task Force (FATF). According to FATF, if the deadline passes without action, the body will recommend that its members impose certain "countermeasures" impacting their domestic banks' dealings with Burma.

[1](#)3. (C) Note: On October 16, during a regional drug task force meeting in Rangoon (ACCORD) GOB officials reported that a mutual legal assistance law had been drafted and was undergoing ministerial-level review (see Ref A). However, officials appealed to the UN Office on Drugs and Crime (UNODC) for technical assistance in finalizing the process. Our observation to the GOB's senior money-laundering expert that this appeal appeared to be "too little, too late" was met with stony silence. End note.

[1](#)4. (C) We understand that the countermeasure options available to the United States come under Section 311 of the USA PATRIOT Act of 2001. Most of the alternatives presented in this section would only reinforce the recently imposed ban on financial transactions between a U.S. person and Burma, and the freezing of assets of Burma's state-owned foreign trade banks. However, we think that the Section 311 sanctions could nonetheless be used to put additional pressure on the Burmese economy.

[1](#)5. (C) Action request 1: If the Burmese fail to meet FATF requirements, we suggest the Department work with the Treasury Department to invoke part (b)(2) of Section 311, which appears to compel U.S. banks to "obtain and retain information concerning the beneficial ownership of any account" opened by a Burmese person or his/her agent. This requirement would dovetail with section 4(a) of the 2003 Burma Freedom and Democracy Act, and might help uncover the degree to which SPDC members, government and military officials, and others close to the regime, have assets inside the United States. This is particularly the case as we've heard that high-ranking Burmese officials keeping their money in the United States may be doing so using the name of a family member or other agent resident in the United States.

[1](#)6. (C) Action request 2: We further urge State and Treasury to push other FATF members -- particularly members of the European Union, Japan, Singapore, and Hong Kong -- to impose their own reporting requirements for Burma transactions. Burmese business officials complain that many international banks are reluctant now to engage in any transaction with a Burmese party, even if such a transaction would not fall afoul of U.S. law. However, some banks -- particularly in Japan, Hong Kong, and Singapore -- are continuing to legally facilitate settlements of international financial transactions that include Burma. New, stricter guidelines for transactions with Burma might encourage those banks still legally working with Burma to stop. Likewise, EU coordination could be beneficial, as the GOB is encouraging businesses to use the euro as a replacement for the U.S. dollar.

Martinez